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GAOReport to Officials of Congress and the  
District of Columbia

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March 1996

# DISTRICT'S WORKFORCE

## Annual Report Required by the District of Columbia Retirement Reform Act



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**75** years  
1921 - 1996

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GAO/GGD-96-95

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United States  
General Accounting Office  
Washington, D.C. 20548

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**General Government Division**

B-208412

March 29, 1996

The Honorable Newt Gingrich  
Speaker of the House of Representatives

The Honorable Strom Thurmond  
President Pro Tempore  
United States Senate

The Honorable Ted Stevens  
Chairman, Committee on Governmental Affairs  
United States Senate

The Honorable Mark O. Hatfield  
Chairman, Committee on Appropriations  
United States Senate

The Honorable Bob Livingston  
Chairman, Committee on Appropriations  
House of Representatives

The Honorable Tom Davis  
Chairman, Subcommittee on the  
District of Columbia  
Committee on Government Reform and Oversight  
House of Representatives

The Honorable Marion S. Barry, Jr.  
Mayor of the District of Columbia

The Council of the District of Columbia

In accordance with subsection 145(b) of the District of Columbia Retirement Reform Act (P.L. 96-122, as amended by P.L. 98-104), this report provides our comments on the enclosed actuary's report (see the app.) on the disability retirement rate of District of Columbia police officers and fire fighters. We are required to review the disability retirement rate computed by the actuary. The

act provides for annual federal payments to the District of Columbia Police Officers and Fire Fighters' Retirement Fund. These payments, however, are to be reduced when the disability retirement rate exceeds an established limit. The purpose of making the payments subject to a potential reduction was to encourage the District government to control disability retirement costs.

An enrolled actuary was engaged by the District of Columbia Retirement Board to (1) determine the 1995 disability retirement rate for District police officers and fire fighters hired before February 15, 1980; (2) determine if that rate exceeded eight-tenths of 1 percentage point; and (3) prepare the annual report required by the act. Subsection 145(a) of the act, as amended, established a "trigger mechanism" for determining whether the annual federal payment of \$34,170,000 to the District of Columbia Police Officers and Fire Fighters' Retirement Fund, authorized under subsection 144(a)(1) of the act, is to be reduced. The Comptroller General is required by the act to make this determination each year on the basis of a review of the disability retirement rate computed by the enrolled actuary. We have reviewed the actuary's report and other relevant data and conclude that no reduction is required in the fiscal year 1997 federal payment to the District's Police Officers and Fire Fighters' Retirement Fund.

#### BASIS FOR OUR DETERMINATION

As defined by subsection 145(a)(2) of the act, as amended, the disability retirement rate is a fraction; the numerator is the number of District of Columbia police officers and fire fighters hired before February 15, 1980, who retired on disability during the applicable calendar year. The denominator is the total number of police officers and fire fighters hired before February 15, 1980, who were on active duty as of January 1 of the applicable calendar year. This fraction is expressed as a percentage known as the disability retirement rate.

A disability retirement rate greater than eight-tenths of 1 percentage point triggers a reduction in the next annual federal payment. Thus, the trigger mechanism governing the fiscal year 1997 payment is based on members retiring on disability in calendar year 1995 (the numerator) and members on board January 1, 1995 (the denominator). The enrolled actuary must report the determinations made under the act, along with related documentation, to the Retirement Board and to the Comptroller General no later than March 1 of each year.

The act requires that our comments include a statement about whether the determinations made by the enrolled actuary fairly present, in all material respects, the requirements of the act. The act also requires that we make a determination as to the amount, if any, by which the annual federal payment is to be reduced. A reduction in the federal payment would amount to 1.5 percent for each whole tenth of a percentage point by which the disability retirement rate is greater than eight-tenths of 1 percentage point.

We have reviewed the enclosed actuary's report, which shows that four police officers and four fire fighters hired before February 15, 1980, retired on disability in 1995. The actuary's report was based on information provided by the District officials showing on January 1, 1995, there were 1,153 active police officers and 439 active fire fighters hired before February 15, 1980. Thus, the actuary determined the disability retirement rate to be 0.503 percent.

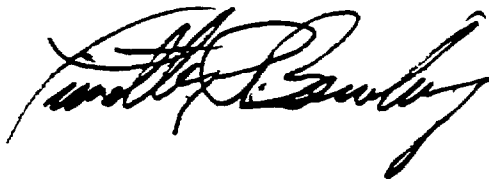
Although we did not verify the information on disability retirements and employment strength provided by District officials, we did test, on a limited basis, the integrity of the data provided to the actuary. As in past years, we tested the accuracy of the data used in the numerator and denominator by comparing various lists of retirees and active duty rosters for police officers and fire fighters hired before February 15, 1980. For 1995, we primarily sought to determine whether the numerator included the appropriate number of disability retirees, as identified by District officials, and the denominator excluded retirees from prior years. We also compared 1989 and 1992 through 1996 active duty rosters, prepared at our request, to determine whether new names of police officers and fire fighters were added inappropriately to the rosters and thereby inflated the 1995 denominator. District officials have provided satisfactory explanations and documentation to resolve most of the inconsistencies, and they are in the process of providing us with documentation for the remainder.

In our opinion, therefore, the determination made by the enrolled actuary meets, in all material respects, the requirements of the act.

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We are sending a copy of this report to the District of Columbia Retirement Board. Copies will also be made available to others upon request.

The major contributors to this report are Larry H. Endy, Assistant Director, Brenda J. Bridges, Evaluator-in-Charge, and Jerome T. Sandau, Technical Advisor. If you have questions, please call me on (202) 512-8676.



Timothy P. Bowling  
Associate Director  
Federal Management  
and Workforce Issues

ACTUARY'S REPORT

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February 26, 1996

VIA MESSENGER

Mr. Charles A. Bowsher  
 Comptroller General of  
 the United States  
 General Accounting Office  
 441 G Street, NW - Room 7000  
 Washington, DC 20548

Re: Disability Retirement Rate for 1995 Calendar Year  
 District of Columbia Police Officers and Firefighters' Retirement Fund

Dear Mr. Bowsher:

Public Law 98-104 requires that the enrolled actuary determine the disability retirement rate and report on the disability retirement rate each year, with respect to the rate for the preceding calendar year.

The following employee data and disability retirement data was made available to me by the Metropolitan Police Department, Fire Department, and D.C. Police and Firefighters Retirement and Relief Board respectively:

1. Number of active police officers, as reconciled by GAO, as of January 1, 1995, hired on or before February 14, 1980: 1,153
2. Number of active firefighters, as reconciled by GAO, as of January 1, 1995, hired on or before February 14, 1980: 439
3. Numbers of 1995 disability retirements among employees hired on or before February 14, 1980:
  - 4 fire fighters
  - 4 police officers

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